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U.S. Small Business Administration

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# IT'S YOUR BUSINESS

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## "SMALL BUSINESSES CAN FACE ECONOMIC CYCLES WITH CONFIDENCE"



Dealing with an uncertain economy is never easy, especially for small businesses. Unlike their larger counterparts, small businesses rarely have the resources to monitor and take corrective action for every trend and issue. And even those owners who have weathered numerous business cycles may be faced with new

circumstances that confront their otherwise successful instincts and knowledge.

While there is no crystal ball that accurately predicts the future, small business owners can take a number of steps that will help their enterprises endure the worst of times, and position them for success when

conditions inevitably improve.

- **Consult your bank about your business's financial status.** Lenders have vast experience in economic cycles, and can advise you on issues specific to your business and industry. It may also be helpful to arrange a line

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## SUCCESS STORY: FRENCH FARE IN THE SOUTHERN TIER



JB Mavian, Kilmer Brasserie & Steakhouse owner.

JB Mavian may be thousands of miles from his native hometown of Paris, France, but he has successfully recreated authentic French cuisine in his new restaurant, the Kilmer Brasserie and Steakhouse.

The downtown Bing-

hamton eatery opened in May 2008 and offers diners extensive lunch and dinner menus filled with continental cuisine, steakhouse steaks, and French specialties ranging from Croque Monsieur to Quiche Lorraine. The Kilmer Brasserie has created ten new jobs and helped revitalize its downtown neighborhood through the renovation of its 102 year-old namesake, the historic Kilmer Building.

Renovation of the first floor space created an inviting environment for customers to enjoy, with fully restored dramatic

columns, intricate ceiling detail, and a century-old mosaic tile floor. The Kilmer Brasserie features a lounge area and two private dining rooms for parties in addition to the main room restaurant that can accommodate up to 80 guests. Even the original Kilmer Building vault has been integrated into the restaurant, now acting as the perfect climate-controlled wine cellar.

"It was important for us to create an exceptional setting for the restaurant so that customers could have the right ex-

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Helping small businesses  
**start, grow** and **succeed**.



Your Small Business Resource



**Small Business Profile:**  
Kilmer Brasserie & Steakhouse

**Location:** Binghamton, NY

**Owner:** JB Mavian

**Years In Business:** 1

**Employees:** 10

**Products & Services:** Full service restaurant

**SBA Assistance:** 7(a) loan with M&T Bank to build out restaurant and kitchen

## SUCCESS STORY: FRENCH FARE IN THE SOUTHERN TIER

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perience, the right feeling," explained JB Mavian, owner of the Kilmer Brasserie. JB added that banks are somewhat cautious normally when it comes to small business enterprises, and if it were not for the SBA backed loan his restaurant received, it would have been harder to obtain financing.

The SBA guaranteed loan was made possible through the assistance of Joanne Smolinsky, small business loan officer at M&T Bank, and Ken Homer, small business advisor at the Small Business Development Center (SBDC) at Binghamton University.

"I was referred to Ken at the SBDC by a fellow restaurant owner," said JB. "Ken was very helpful

in researching local economic data and other elements that created a more professional loan package to present to M&T Bank." Ken continues to provide expert business counseling to JB as the restaurant works on its marketing strategy and building a loyal clientele. JB also receives helpful insight from other French restaurant owners, including Yann Guigné and Alexia Falcone, chefs and owners of L'Adour Restaurant in Syracuse.

After owning a French food supply company in New York City for 15 years, JB and his wife Monica decided to move to the Southern Tier for a better quality of life. JB's established contacts with supply companies specializing in imported French goods allowed the newly-launched Kilmer Brasserie to offer

Binghamton residents the top-shelf French food never available in the area before.

"People in Binghamton are happy to have another choice for their dining experience," explains JB.

Owning and running a small business can sometimes be complicated.

"I wear many hats in one morning alone, I tested new menu items, checked on accounts payable, oversaw linen and food delivery, and worried about a time-sensitive delivery of cheese from Manhattan," said JB. "The restaurant business is very dynamic and we have to adapt to be in synch with our customers. The better in synch we are, the more successful we'll be."



*Small Rural Lender Advantage offers entrepreneurs a streamlined application, up to 85% SBA guarantee, and a short 3-5 day turnaround for routine loans up to \$350,000.*

*Learn more [online](#) about SBA's newest lending initiative, Small Rural Lender Advantage.*



## FROM THE DESK OF THE SYRACUSE DISTRICT DIRECTOR

In this economy, the **U.S. Small Business Administration is more vital than ever** to help small businesses start, grow and succeed with capital access and business counseling programs.

Through our loan guarantee programs, the SBA is able to encourage lenders to finance small business projects. Studies demonstrate that SBA loans may even act as an

economic stabilizer, since SBA backed loans are more immune to capital pressures that non-guaranteed loans.

The SBA is taking steps to encourage the flow of credit to small businesses. We've launched the Small Rural Lender Advantage ahead of schedule, a lending initiative which encourages smaller financial institutions-like commu-

nity banks- and institutions with low SBA volume to make more loans to small businesses. Over 40 lenders in our 34-county district are eligible to use the Small Rural Lender Advantage program.

We stand ready to get you the assistance you need to take your small business to the next level. Visit our [website](#) or call our office to talk to our helpful staff members.

## "SMALL BUSINESSES CAN FACE ECONOMIC CYCLES WITH CONFIDENCE"-



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of credit. You may not need it for several months or at all. But if a lag in cash flow occurs, you will have a ready source of bridge money in place.

- **Make sure you have good relations with your creditors.** You may find it necessary to renegotiate terms, but overdue bills and inconsistent payment practices will not help your position. What's more, your creditors may be experiencing financial difficulties as well. Any flexibility will hinge on whether they perceive you as a reliable partner, or a risk.

- **Similarly, keep a close watch on your receivables.** Follow up with whoever owes your company money and make sure they are meeting their terms. Be firm when dealing problem accounts, but also be willing to negotiate

where appropriate. It may take only a matter of months for a struggling customer to become a highly stable source of income. If you can accommodate such situations without adversely affecting your company's financial position, everybody wins.

- **Make sure expenditures can be justified, and that they contribute to the financial health of your business.** You may find it necessary to redirect money to areas that will enhance business performance. If you carry an inventory of products, check the accuracy of your records and procedures to prevent losses. It may also be helpful to adjust your order amounts to match projected sales.

- **Review your operations and expenses on a**

**regular basis.** If you monitor your profitability on a monthly basis, it's a good idea to do it weekly or biweekly during slow economic times. Likewise, review your business plan more often. Monthly or quarterly reviews will make it easier to make adjustments and keep your business on track.

- **Step up your marketing efforts.** Many businesses mistakenly see marketing as a luxury when money is tight. The truth is that this is the time you need marketing most. Along with reassuring your current customers that you are still there to serve them, marketing can help you reach new markets that will sustain your business now, and facilitate its growth in the future.

To learn more about SCORE, Counselors to America's Small Business, visit [www.score.org](http://www.score.org).

## SBA SYRACUSE DISTRICT HONORS TOP LENDERS IN 2008

The SBA Syracuse District recently recognized the top lenders for fiscal year 2008. Although SBA does not make direct loans to small businesses, the agency's use of its guaranty authority enables commercial lenders and Certified Development Companies to make loans to small businesses they otherwise would not have made. In fiscal year 2008, which ended September 30<sup>th</sup>, small businesses in the 34-county district of up-state New York received a total of 804 SBA loans for \$127,344,078.

For the third year in a row, **M&T Bank** led all large banks with an asset size of over \$10 billion. This year M&T Bank assisted small businesses with 129 SBA guaranteed loans valued at \$17,373,400.

In the category of banks with asset size from \$1 billion to \$10 billion, **First Niagara Bank** led with 52 SBA guaranteed loans at a value of \$2,834,500.

With a strong commitment to local lending, **Oneida Savings Bank** made 16 loans valued at \$1,714,500, the most in the Syracuse District for small community banks with an asset size of less than \$1 billion.

## SBA AWARDS 2009 ENERGY EFFICIENCY GRANT TO ALBANY SBDC

The **Albany Small Business Development Center** is one of four SBDCs in the nation to have been awarded Small Business Sustainability Initiative grants from SBA totaling \$125,000 to fund projects offering energy efficiency assistance to small businesses.

The New York State SBDC and its partner organizations plan to coordinate their resources to provide energy audits for small businesses with substantial energy consumption. They will also educate small business owners to help them identify energy savings and

make "efficient energy" decisions. The SBDC and its partners will advise small business owners about energy opportunities relating to green buildings, renewable energy sources such as solar and wind, and improved environmental performance.





## SAVE THE DATE: OPERATION: START UP & GROW IN MARCH 2009

**Operation: Start Up & Grow** is the premier veterans' business conference in Central New York for veterans and members of the military community who want to start or expand their own small business. If you've got an idea for a business or are already in business, this conference offers resources from agencies and organizations committed to helping veteran

entrepreneurs succeed. Operation: Start Up & Grow will be held on **Thursday, March 19, 2009** at Onondaga Community College in Syracuse, New York.

The FREE conference includes: keynote addresses from the U.S. Department of Veterans Affairs Center for Veterans Enterprise and Do-reen Garrett, CEO of Otis Technology, Inc.; case study of a successful

local veteran entrepreneur; panel speakers from federal, state, and local agencies and organizations with programs for veteran entrepreneurs; start up track of workshops on business planning, financing, and franchises; growth track of workshops on marketing, exporting, and government contracting; breakfast and lunch; exhibitors of agencies and organizations with veterans busi-

ness programs; and awards presentation to Veteran Owned Business of 2009 and Top SBA Syracuse District Veterans Lender of FY 2008.

To learn more about registering for the conference or how to nominate a veteran owned business for the 2009 award, visit the event [website](#) or contact Rachael Stanton at 315-471-9393 ext. 244 or [rachael.stanton@sba.gov](mailto:rachael.stanton@sba.gov).



**Internal Revenue Service**  
United States Department of the Treasury

## DID YOU KNOW? THE IRS DIFFERENCE BETWEEN AN EMPLOYEE & A CONTRACTOR

Are your workers independent contractors or employees? **The answer can have a profound impact on how much tax you pay as a small business owner.** Knowing whether your workers are or are not employees will affect the amount of taxes you must withhold from their pay. It will affect how much additional cost your business must bear, what documents and information they must provide to you, and what tax documents you must give to them.

Employers who misclassify workers as independent contractors can end up with substantial tax bills as well as penalties for failing to pay employment taxes and failing to file required tax

forms. Workers can avoid higher tax bills and lost benefits if they know their proper status.

Both employers and workers can ask the IRS to make a determination on whether a specific individual is an independent contractor or an employee by filing a Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, with the IRS.

Generally, whether a worker is an employee or an independent contractor depends upon how much control you have as a business owner. If you have the right to control or direct not only what is to be done but also how it is to be done then your workers are most likely employees. If you can direct or control only the result of

the work done, and not the means and methods of accomplishing the result, then your workers are probably independent contractors.

Three broad characteristics are used by the IRS to determine the relationship between businesses and workers - Behavioral Control, Financial Control, and the Type of Relationship.

Behavioral Control covers facts that show whether the business has a right to direct or control how the work is done through instructions, training, or other means.

Financial Control covers facts that show whether the business has a right to direct or control the financial and business aspects of the worker's job.

The Type of Relation-

ship factor relates to how the workers and the business owner perceive their relationship.

Knowing the proper worker classification can be critical to your business. Don't guess. Act now to make certain you know for sure.

You can learn more about the critical determination of a worker's status as an Independent Contractor or Employee at [IRS.gov](http://irs.gov) by selecting the Small Business link. Additional resources include IRS Publication 15-A, Employer's Supplemental Tax Guide, and Publication 1779, Independent Contractor or Employee. Both of these publications and Form SS-8 are available on the IRS Web site or by calling the IRS at 800-829-3676 (800-TAX-FORM).